

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2059
ANSWERED ON:01.12.2000
UNIFORMITY IN INTEREST RATE BY FINANCIAL INSTITUTIONS
RAVINDRA KUMAR PANDEY

Will the Minister of FINANCE be pleased to state:

- (a) whether the non-banking finance companies of the country are arbitrarily determining their rates of interest and whimsically collecting the amount of interest from their loanees;
- (b) if so, the action taken by the Government in this regard;
- (c) whether the Government have fixed any criteria for various finance companies to bring uniformity in their interest rates; and
- (d) if so, the details thereof ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) to (d):- The Reserve Bank of India (RBI) has reported that they have not prescribed any rate of interest to Non-Banking Finance Companies to be charged on their advances. The rate of interest charged by the NBFCs may differ from company to company depending on their cost of funds and their risk perception of their borrowers. RBI has issued directions to the NBFCs that they cannot offer more than 16% per annum interest on deposits.